

## ABSTRACT

*The objectives of the research are finding out empirical evidence of the effect of earnings management through real activity manipulation on the value relevance of accounting information in seasoned equity offerings (SEO) of non financial companies listed in Indonesian Stock Exchange (BEI). The real activity manipulation were measured through abnormal operating cash flow, abnormal production cost and abnormal discretionary expenditure. While the value relevance of accounting information were measured using Price model instead of return model of Linier Information Model developed by Ohlson (1995) due the scale effect and the transitory of earnings. The sample observed in this research consists of 37 companies which involved in seasoned equity offerings (SEO) during 2008-2010 and so the pair group of companies which not involved in seasoned equity offerings (Non SEO) during the same period. The research of hyphotesis were tested using moderated regression analysis (MRA). The result of this research shows that: the real activity manipulation significantly decrease the value relevance of accounting information in seasoned equity offerings. Furthermore, the real activity manipulation decrease more the value relevance of accounting information of companies which involved in seasoned equity offerings (SEO) than the pair group (Non SEO). However, this research failed to provide the empirical evidence that the value relevance of BVE (Book Value Equity) would decrease as in the EPS (Earning Per Share) when the real activity manipulation occurred in companies which not involved in SEO. **Keyword** : real activity manipulation, abnormal operating cash flow, abnormal production cost, abnormal discretionary expenditure, value relevance of accounting information, earning per share, book value equity, price model.*